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Message Text

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SUBJECT: JAPANESE PRESS REPORTS ON STEEL SECTORAL NEGOTIATIONS

REF. A) TOKYO 5531 B) MTN GENEVA 2771

1. PARAS. 2 - 3 BELOW PROVIDE FULL TRASLATIONS APRIL 9 JAPANESE PRESS COVERAGE OF MTN SECTORS GROUP MEETING.

2. NIKKAN KOGYO, APRIL 9 (PAGE 6)
US HEADING TOWARD PROPOSING HANDLING OF IRON AND STEEL AS SECTOR; WILL CAUSE RIPPLES IN NEW INTERNATIONAL ROUND
(GENEVA, APRIL7, JIJI) A SECTOR GROUP CONFERENCE OF THE NEW INTERNATIONAL ROUND OF GATT WAS HELD IN GENEVA ON THE 6TH AND THE 7TH. AT THE SESSION ON THE SECOND DAY, THE US REPRESENTATIVE EXPRESSED THE INTENTION OF SOON PROPOSING THAT IRON AND STEEL (INCLUDING SPECIAL STEEL) BE INCLUDED AMONG THE ITEMS TO BE HANDLED BY THE SECTOR GROUP, AND IT SHARPLY CONFRONTED JAPAN, VARIOUS NORTH EUROPEAN COUNTRIES, ETC., WHICH ARE FRONTALLY OPPOSED TO THIS.

FROM THE STAND THAT IRON AND STEEL ARE A SPECIAL INDUSTRY GREATLY AFFECTED BY BUSINESS FLUCTUATIONS, THE US ASSERTED THAT (1)
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LIBERALIZATION OF TRADE SHOULD BE PROMOTED FURTHER, AND THAT

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(2) THEY SHOULD BE HANDLED AS A SECTOR, TO MAKE PREPARATIONS FOR MEASURES TO COPE WITH BUSINESS FLUCTUATIONS. OPPOSED TO THIS, THE JAPANESE REPRESENTATIVE MADE THE FOLLOWING POINTS: (1) IRON AND STEEL ARE A BASIC INDUSTRY AND IF THEY ARE HANDLED AS A SECTOR, THERE WILL BE NO BRAKE ON OTHER ITEMS; (2) CHEMICALS, NON-FERROUS METALS, PETRO-CHEMICALS, ETC., ARE ALSO READILY AFFECTED BY BUSINESS FLUCTUATIONS, AND IT IS STRANGE TO HANDLE IRON AND STEEL ALONE SPECIFICALLY; AND (3) LIBERALIZATION OF TRADE SHOULD BE PROMOTED UNDER THE "HORIZONTAL" FORMUAL OF THE NEW ROUND. THUS, HE REFUTED THAT THERE IS NO REASON FOR TAKING UP IRON AND STEEL IN THE SAID GROUP. THE SWEDISH REPRESENTATIVE ALSO BRIEFLY ARGUED AGAINST THE US POINTS, BUT THE EC REPRESENTATIVES MADE NO REMARK.

THE US STATEMENT THIS TIME WAS MADE ON THE BASIS OF THE FOLLOWING INSTRUCTIONS GIVEN BY PRESIDENT FORD TO THE US SPECIAL MISSION FOR TRADE NEGOTIATIONS (STR) ON MARCH 17, WHEN HE ANNOUNCED MEASURE FOR RESTRICTIONS ON SPECIAL STEEL IMPORTS: "TAKE UP THE PROBLEM OF IRON AND STEEL (SPECIAL STEEL AND ORDINARY STEEL) IN THE SECTOR GROUP OF THE NEW INTERNATIONALROUND." HOWEVER, THIS IS BEING TAKEN SERIOUSLY BY PERSONS CONCERNED, AS SHOWING THAT THE US, WHICH IS STRENGTHENING ITS LEANING TOWARD PROTECTIONISM, HAS FINALLY BROUGHT IN A BIG PROBLEM HAVING EXTREMELY BIG EFFECTS ON THE NEW ROUND, TOO. SOURCES CONNECTED WITH THE JAPANESE REPRE-SENTATIVE REGARD THE US "EXPRESSION OF ITS INTENTION" AS IMPORTANT, THINKING THAT THERE IS GREAT DANGER THAT THE RESULTS OF SPECIAL STEEL IMPORT RESTRICTION NEGOTIATIONS TO BE CHECKED INTO AT THE OECD AND AT THE FOLLOWING BILATERAL CONSULTATIONS WILL BE BROUGHT INTO THE NEW INTERNATIONAL ROUND AND SPREAD TO IRON AND STEEL AS A WHOLE AND THAT WITH THIS AS AN OCCASION, THE "HORIZONTAL" FORMULA OF THE NEW ROUND WILL FACE A GRAVE CRISIS.

3. MAINICHI, APRIL 9, 1976 (PAGE 7)
GATT NEGOTIATIONS ON TRADE LIBERALIZATION AGAIN HAVING HARD SAILING; US PROPOSES TO "GIVE SPECIAL TREATMENT TO IRON AND STEEL", WHAT DECISION WILL JAPAN MAKE?
WHILE PROTECTIINISM IS RISING THROUGHOUT THE WORLD, ANOTHER DANGEROUS PROBLEM HAS COME TO THE FORE. IN THE NEW ROUND OF GATT NEGOTIATIONS, THE US HAS FORMALLY ANNOUNCED ITS INTENTION TO TREAT IRON AND STEEL AS "SPECIAL ITEMS," TO WHICH THE GENERAL
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PRINCIPLES FOR TRADE LIBERALIZATION NOW UNDER DISCUSSION ARE NOT TO BE APPLIED. AS A RESULT, IT HAS COME TO BE FEARED THAT THE GATT NEGOTIATIONS ON TRADE LIBERALIZATION, WHICH HAVE ALREADY BECOME PROTRACTED, MAY HAVE EVEN MORE DIFFICULT SAILING THAN HERETOFORE, AND COME TO DEADLOCK.
ALREADY WHEN THE NW INTERNATONAL ROUND BEGAN (IN APRIL, 1974) ON THE BASIS OF THE "TOKYO DECLARATION" ISSUED IN SEPTEMBER, 1972, THE US REVEALED ITS DESIRE TO MAKE IRON AND STEEL, AS WELL AS

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SUCH ITEMS AS DOMESTIC ELECTRIC APPLIANCES, ELECTRONIC INSTRUMENTS AND ALUMINUM GOODS, ITEMS FOR "SECTOR APPROACH" (EXCEPTIONAL TREATMENT).

IT IS SEEN THAT THE TRUE INTENTION OF THE US IS TO ESTABLISH INTERNATONAL RULES FOR THE ESTABLISHMENT OF IMPORT RESTRICTIONS UNDER THE PRETEXT OF "STABILIZING LIBERAL TRADE," IN ORDER TO PROTECT THE MANUFACTURERS OF THESE ITEMS AT HOME WHO ARE FACED WITH STIFF COMPETITION FROM THEIR RIVALS IN JAPAN AND THE EC. ESPECIALLY IN THE CASE OF IRON AND STEEL, PRESIDENT FORD CLARIFIED HIS PLAN TO "START MULTILATERAL NEGOTIATIONS ON IRON AND STEEL, INCLUDING ORDINARY STEEL, IN ORDER TO PREVENT THE PERIODIC OCCURRENCE OF CONFUSION," WHEN HE DECIDED, ON MARCH 16, TO START NEGOTIATIONSON THE ESTABLISHMENT OF SPECIAL STEEL IMPORT RESTRICTIONS. THE PROPOSAL TO GIVE SPECIAL TREATMENT TO IRON AND STEEL HAS BEEN MADE IN ACCORDANCE WITH THIS PLAN. IT IS SEEN THATTHERE IS THE BIG POSSIBILITY OF THE US COMING OUT WITH A DEMAND FOR SUCH SPECIAL MEASURES AS LOWERING OF THE TARIFF REDUCTION RATE AND APPROVAL OF IMPORT RESTRICTIONS. ON THE OTHER HAND, THE JAPANESE GOVERNMENT MAINTAINS THE FOLLOWING POSITION ON THE ESTABLISHMENT OF RULES BY GATT:
(1) THE ESTABLISHMENT OF GENERAL PRINCIPLES CONCERNING TARIFFS, NON-TARIFF TRADE BARRIERS AND SAFE-GUARDS SHOULD COME FIRST, AND IT IS JUST LIKE PUTTING THE CART BEFORE THE HORSE TO DETERMINE, FIRST OF ALL, THE ITEMS TO BE GIVEN EXCEPTIONAL TREATMENT;
(2) IT IS STRANGE TO GIVE SPECIAL TREATMENT TO IRON AND STEEL ALONE,FOR THE REASON THAT THESE ITEMS ARE "SUBSCEPTIBLE TO BUSINESS FLUCTUATIONS," AS THE US IS INSISTING, BECAUSE THE SAME CAN BE SAID ABOUT NON-FERROUS METALS AND CHEMICAL PRODUCTS AS WELL. EVEN IF IRON AND STEEL ARE TO BE GIVEN SPECIAL TREATMENT, THERE MUST BE AN OBJECTIVE STANDARD FOR APPROVAL OF SUCH TREATMENT.

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WITHIN MITI, THE DOMINANT OPINION IS THAT JAPAN HAS NO ALTERNATIVE BUT TO COUNTER THE PROPOSAL PATIENTLY. SOME SOURCES THINK, HOWEVER, THAT THE NEW ROUND OF GATT NEGOTIATIONS HAS ENOOUNTERED ANOTHER SERIOUS OBSTACLE, AND THAT IT HAS BECOME SOMEWHAT DIFFICULTTO ATTAIN THE GOAL CONFIRMED AT RAMBOUILLET, OR THE "CONCLUSION OF AN AGREEMENT BY THE END OF 1977." OFFICIALLY, THE GOVERNMENT IS STILL INSTISTING ON THE GENERAL PRINCIPLES. JAPAN'S IRON AND STEEL INDUSTRY, HOWEVER, IS INCREASING ITS "MATURITY," AND IT IS SAID THAT SOME LEADERS OF THIS INDUSTRY THINK THAT "IT IS WISE FORJAPAN'S IRON AND STEEL INDUSTRY OF START EFFORTS TO CONSOLIDATE ITS SHARE IN THE WORLD MARKET." JAPAN'S REACTION TO THE US PROPOSAL, THEREFORE, IS LIKELY TO BE WATCHED BY OTHER NATIONS.
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